

BILL ANALYSIS

Senate Research Center
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H.B. 2697
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Health & Human Services
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Continuing care retirement communities offer quality care to seniors but often require a hefty down-payment and high monthly fees. Through a continuing care at home program, seniors are offered some of the same benefits of a continuing care retirement community at a reduced rate while being able to stay in their homes. These types of programs provide access to services such as on-campus wellness centers, dining, and special events. Additionally, participants may be eligible for home-based services such as transportation, meals, and home health care. H.B. 2697 seeks to provide an affordable alternative to seniors who require some level of care but would also like to stay in their homes.

H.B. 2697 amends current law relating to services provided by continuing care facilities.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the commissioner of insurance in SECTION 9 (Section 246.0737, Health and Safety Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Redesignates Section 246.002(3), Health and Safety Code, as Section 246.0025, Health and Safety Code, and amends it as follows:

Sec. 246.0025. DEFINITION OF CONTINUING CARE. (a) Defines “continuing care” and makes nonsubstantive changes.

(b) Provides that the term "continuing care" includes the furnishing of services described by Subsection (a) to an individual in the individual's residence or otherwise enabling the individual to remain in the individual's residence.

SECTION 2. Amends Sections 246.002(5), (6), (10), and (12), Health and Safety Code, to redefine “entrance fee,” “facility,” “provider,” and “resident.”

SECTION 3. Amends Section 246.041(a), Health and Safety Code, as follows:

(a) Requires a provider to file with the board a current disclosure statement that meets the requirements of this subchapter and to file copies of the agreements establishing the escrows under Subchapter D or a verified statement explaining that an escrow is not required before the provider:

(1) contracts to provide continuing care to a resident in this state, rather than provide continuing care in a facility located or to be located in this state;

(2) extends the term of an existing continuing care contract with a resident in this state, rather than of an existing continuing care contract in a facility that is located or to be located in this state, that requires or allows an entrance fee from any person, regardless of whether the extended contract requires an entrance fee; or

(3) Makes no change to this subdivision.

SECTION 4. Amends Section 246.048, Health and Safety Code, as follows:

Sec. 246.048. CONTENTS OF DISCLOSURE STATEMENT: CONTRACTS AND FEES. Requires that the disclosure statement describe:

(1) the services provided under a continuing care contract, rather than the services provided at the facility under a continuing care contract, including

(A) and (B) Makes no change to these paragraphs;

(2) all fees required of residents, including the entrance fee and any periodic charges;

(3) the conditions under which a continuing care contract, rather than a continuing care contract at the facility, may be canceled by the provider or the resident;

(4) any conditions under which all or part of the entrance fee is refundable on cancellation of the contract by the provider or the resident, or by the death of the resident before or during the occupancy of a living unit or otherwise before or during the term of the contract; and

(5) Makes no change to this subdivision.

SECTION 5. Amends Section 246.049, Health and Safety Code, as follows:

Sec. 246.049. CONTENTS OF DISCLOSURE STATEMENT: CHANGE OF CIRCUMSTANCES. Requires that the disclosure statement for a continuing care contract to provide continuing care in a living unit of a facility state:

(1)-(4) Makes no change to these subdivisions.

SECTION 6. Amends Section 246.050(a), Health and Safety Code, as follows:

(a) Requires that the disclosure statement:

(1) describe any provisions made or to be made to provide reserve funding or security to enable the provider to fully perform its obligations under a continuing care contract, rather than under a continuing care contract at a facility, including

(A) and (B) Makes no change to these paragraphs; and

(2) Makes no change to this subdivision.

SECTION 7. Amends Section 246.056(b), Health and Safety Code, to prohibit a resident who executes a continuing care contract to provide continuing care in a living unit of a facility from being required to move into the facility before the expiration of the period during which the contract may be rescinded.

SECTION 8. Amends Section 246.057(a), Health and Safety Code, as follows:

(a) Provides that a continuing care contract to provide continuing care in a living unit in a facility is canceled if the resident:

(1) and (2) Makes no change to these subdivisions.

SECTION 9. Amends Subchapter D, Chapter 246, Health and Safety Code, by adding Section 246.0737, as follows:

Sec. 246.0737. CARE IN RESIDENCE. Requires the commissioner of insurance by rule to establish requirements for escrow release different from those under Section 246.073 (Release to the Provider) for money received as an entrance fee in connection with a continuing care contract in circumstances in which a living unit is not furnished to the resident.

SECTION 10. Amends Section 246.111(a), Health and Safety Code, to provide that a lien, to secure the obligations of the provider under any continuing care contract, attaches on the date a resident first occupies a facility or receives services under a continuing care contract.

SECTION 11. Requires the commissioner of insurance, not later than December 1, 2015, to adopt rules necessary to implement the changes in law made by this Act

SECTION 12. Effective date: upon passage or September 1, 2015.